

Planning for your children's future



The Cornerstone of
Financial Independence
is Not the Privilege of the Rich...



It's a Plan of the Wise[®]

Planning for your children's future [1]

In today's hectic world, planning plays an important role in the way we live our lives. From major decisions like what kind of car to buy to relatively minor issues such as what to wear to work, planning is what makes our lives run smoothly.

But while most of our lives would crumble without the structure of the plans we make, we often put off tackling the chore of making the most important choices: planning for our future and the futures of our children.

By now, many of us know and understand the importance of having a will but have you given any thought to what would happen to your children if you were to die suddenly? Without a will and with no provision for guardianship, the future of your children could be left in the hands of those who may or may not have their best interests at heart.

So what should you do and where should you start? There are many issues that should be addressed with this type of planning and it is important to take a close look at each situation from every possible angle. A good idea might be to make a preliminary list of the questions to be addressed. Your list might include: Who will be the guardian of my child(ren)?

Will there be enough money to provide for my child(ren) through to adulthood? How will their inheritance be handled and who will be in charge of this? Now let's take a closer look.

Choosing a suitable guardian

This decision bears a lot of weight, as it is the one that would have the most impact on your children and their lives in the future. If you are a single or divorced parent, the importance of this choice is immediately apparent. And for those who are married, it is often automatically assumed that your spouse will assume the role of guardian. However, what would happen if both of you were to die at the same time? Remember, it is necessary to plan for all possible eventualities.

A guardian should be chosen with care since their lives (and the lives of their family) will also be changed irrevocably. In years past, it was very common to appoint a relative or member of your immediate family as guardian, but now this is not always the case. As family members often live in different provinces, your children may be faced with the possibility of having to move away from their friends and school. And as we continue to wait until later in life to have children, appointing your parents as guardians may not always be a feasible option as they may not be able to handle the responsibility of raising a child.

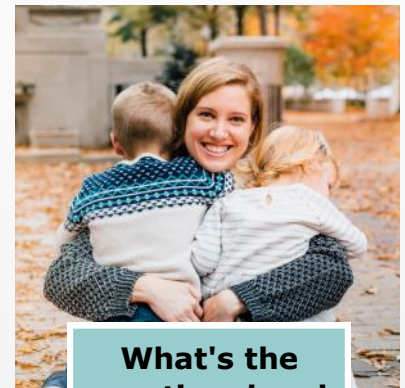


Planning for your children's future [2]

Regardless of whether you choose a family member or a friend for this role, it is important that you feel you can trust them and that you think they would have the best interests of your children at heart. Should the circumstances arise, the person you choose will have to assume the parental role and will be responsible for seeing to both the emotional and financial needs of your child(ren). Before making your final decision, sit down with the person of your choice and discuss how they feel about the request and thoroughly explain the reasons you wish them to be the guardian. Give the prospective guardian time to make their decision and if your children are old enough to understand, it may be beneficial to explain your choice to them.

Testamentary letters

Once you have made your final guardian decision, your next step should be to clearly state your wishes for how your children are to be raised. A good way to accomplish this is to write a testamentary letter. In this document you can describe your hopes and opinions on such things as schooling and religion, and you can clearly outline how you wish to divide personal possessions such as jewellery. With the help of the testamentary letter, each child will have a clear understanding of your wishes for them and of what property belongs to them.



What's the emotional and

It is recommended that you mention the existence of the testamentary letter in your will in addition to the information about the guardian of your choice. Both documents should be kept in the same place. It is also often recommended that the testamentary letter be handwritten by you, instead of being prepared by a lawyer but note that it must be signed, dated and witnessed in order to be enforceable by law.

A question of money

As with any issue where money is involved, the choice of who to manage your child(ren)'s money can be very difficult. Since hypothetically you will not be there to provide for your children and do not wish them to be a financial burden to their guardian, it is necessary to ensure that your children are well provided for. Consider the following expenses: living expenses, schooling (private, college, university), medical expenses and hobbies. These expenses can add up to a considerable amount over the years and you may also wish to provide your children with an amount of money to help them stand on their feet when they become adults. The best solution to this problem is often to purchase a term life policy as it can provide a substantial sum of money while insuring you only for a specific period of time.

Planning for your children's future [3]

The next step

Now that you have ensured that your children will be provided for, who should be in charge of managing their money until they are responsible enough to take on the task themselves? The obvious choice would be the person that you have chosen as guardian. But is this the wisest decision?



There really is no clear answer to this question as it is highly dependent upon each individual situation. An alternative option would be to appoint another trusted individual as the trustee of your child(ren)'s assets or to name a co-trustee to assist the guardian. If you decide to go this route, you may wish to appoint a professional investment manager as the sole or co-trustee to ensure that the money in question is handled and invested properly.

It also may be wise to make a provision in your

will to name a relative or family friend who will have the best interests of your child(ren) at heart. This person would be consulted if the co-trustees are in disagreement over how to handle a particular situation. Naming a sole or co-trustee should be done when you set up a trust for your children under your Will.

A question of age

By this point, you have given a lot of thought to what should happen to your child if you were to die unexpectedly. You have looked at who would take care of your children and have thought about how to provide for your child's financial needs. But what should happen to any money left over once your children have reached adulthood? Will your child be responsible enough to manage this money in a reasonable way and will they understand the importance of saving and investing?

Chances are that at the age of 18, your child will not be ready for this kind of awesome responsibility. In response to this, a solution may be to continue to hold the remaining funds in the trust to be released at pre-appointed ages (age 21 and 25, for example). Of course, you can include instructions for the trustee or co-trustees to release the funds sooner if needed for a specific purpose (for example, emergency, medical or schooling costs).

Keeping everyone informed

As with life, plans have the habit of changing as years pass. Because of this, it is very important for you to review the plans that you have made for your children's future every few years.

Is the guardian that you have appointed still someone that you feel you can trust? Will your children still be adequately provided for?

Have I made the best decisions for my children?

Only you can answer these questions.

It is equally important that the prospective guardian(s) and trustee(s) be kept up to date with your estate plans.

Ensure that they understand what decisions you have made and why you have made them so that there are no misunderstandings.

They should be in possession of copies of the relevant parts of your will so that they know the course of action they need to take as the situation dictates.

On the following pages and to assist you in gathering your thoughts on this subject, we have developed a easy to use worksheet titled "Choosing A Guardian: A Few Points To Consider". It provides space to collect and record your desires and feeling towards you child(ren) upbringing. It's also a useful tool to open a discussion with you spouse and potential guardians, about the care and well being of your family.



Choosing A Guardian: A Few Points To Consider". [5]

You've decided to ask a relative or dear friend to become a guardian of your child(ren) in the event that something catastrophic happens to you and/or your spouse. How do you start? A great way to begin the discussion is by sharing what's important to you, your thoughts, values, hopes and dreams for your child (ren), to your chosen guardian(s); noting the duties and responsibilities that are involved in taking on this role. This task can be made a little easier by using this worksheet to record your wishes. Reviewing this list every couple of years in conjunction with your Will, Estate Plan, Power of attorney and/or insurance arrangements, will ensure the guardian has sufficient direction and adequate resources.

These are the issues that are important to me/us when it come to raising my/our child(ren).

Child Rearing

Family Values

Close Family Members

Religion

Choosing A Guardian: A Few Points To Consider". [6]

Education

Career

Dating

Marriage



Choosing A Guardian: A Few Points To Consider". [7]

These are the issues that are important to me/us when it come to raising my/our child(ren).

Travel/Vacations

Hobbies, leisure activities, etc.

The dreams I/we have for the Child(ren)

Schooling

Other important considerations



Choosing A Guardian: A Few Points To Consider". [8]

These are the issues that are important to me/us when it come to raising my/our child(ren).

Notes to Self:

Special considerations for:

Son(s)

Daughter(s)

Appointed Guardian Information

Name(s)

Address

Phone#

Mothers signature

Appointed Guardians signature

Fathers Signature

Date _____

GETTING ADVICE:

Guardianship requires careful planning to ensure all essential matters are covered.

It should also be reviewed periodically and discussed with a qualified adviser or team of advisers to incorporate any changes in your or your children's personal circumstances.

Notice: Fiscal Agents are not engaged in rendering tax, accounting or legal professional services advice.

The comments in this document are not intended, nor should they be relied upon, to replace specific professional advice. Before acting on material contained herein.

Readers should seek advice that is appropriate to their personal circumstances from a professional legal advisor.

TURNING YOUR PLAN INTO ACTION

At Fiscal Agents we are here to help.

Working closely with your Fiscal Agents advisors and a team of experts, you'll find that certain planning process to be a liberating experience.



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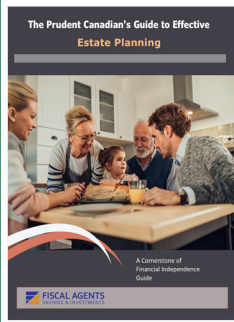
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A Cornerstone® Guardianship Report

Estate Planning



The Prudent Canadian's Guide to Effective Estate Planning

The essence of estate planning is thinking about the future, and developing a program to create, preserve, and transfer assets. Estate planning is about life - now and in the future. Most importantly, it's about the life of your family and loved ones, and the peace of mind that comes with ensuring their financial security.

Estate Planning



Why You Need an Estate Plan: 10 Simple Steps

Getting started with Estate Planning can seem like a daunting task. Inside this document you'll find the process broken down into steps - from selecting professionals to hire, setting up a balance sheet, understanding the role of insurance and more.

Estate Planning



Estate Matter: The Place to Start

For most people, estate planning is a difficult subject to discuss and to plan for, because it forces us to come to terms with our own mortality.

Yet it is something you need to discuss openly with your loved ones today, because you can't do so after you're gone.

Estate Planning



Estate Planning: Being an Executor What are your responsibilities & obligations?

Being named as an executor of an estate is a big undertaking requiring a considerable amount of time and knowledge. You have been entrusted to handle the financial affairs of the deceased in their absence and owe it to them to make sure you know what is required of you.

Retirement Planning



Financial planning your Retirement: How do you get started?

No matter what your age or stage of life, you should have some form of financial plan for retirement. It's said that financial planning for retirement should be a career long process, and the longer you are able to set money aside for retirement, the more compound interest will work for you.

Retirement Planning



Incapacity: Planning ahead helps

Accidents and aging are a part of life. Like an up-to-date will, a power of attorney is an important tool in financial and estate planning. Planning ahead in case of serious disability or health problems allows decision-making relating to property or personal care to proceed without unnecessary disruption.

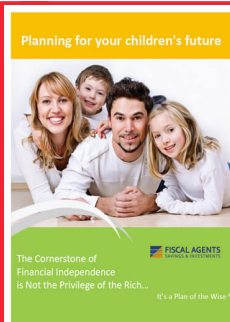
General Interest



Financial Independence Checklist

Experience has shown there are six key principles to financial independence. Those who adhere to them are more likely to succeed. Those who don't jeopardize their chances at financial independence. In this document we describe the six principles in detail, and provide a brief explanation on how you can apply them to your situation.

General Interest



Planning for your children's future

In today's hectic world, planning plays an important role in the way we live our lives. From major decisions to relatively minor issues, planning is what makes our lives run smoothly.

We often put off tackling the chore of making the most important choices: Planning for our future and the futures of our children.

Reference Guides



Estate and Planning Organizer: Household Directory of Documents

A useful tool for anyone who understands the importance of keeping clear and concise records that, when completed, will be invaluable to you, your family members and loved ones, as well as to the executors of your estate.

This publication is completely interactive - you can add or update information to it whenever you like.

Reference Guides



Jargon Buster: Glossary of Financial Terms

Designed for both the finance professional and the money market novice, with over 1,200 concise definitions of relevant terms used in the financial industry, the Jargon Buster touches on almost every facet of finance, investment and savings in a manner that is clear and easy to understand.